

# The Economics of Marriage in Australia

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As applied economists and women, we find this topic sensational. The fact is the odds appear to be against you if you are a woman looking for the perfect man in Australia.

*Australia is in the grip of a 'man drought' where women increasingly outnumber men and a good bachelor is hard to find... and single women in their 30s are beginning to wonder where all the men have gone! (The Sydney Morning Herald, 2005).*

The rumour of there being generally fewer men in the world is being proven to be true by Australian men. In 2007, Channel Nine news reported that starting from the age of 30, the male population in Australia is incipiently becoming extinct! Isn't this simply a disaster for all the women out there?

Donning our Economist caps, we would consider men as resources in the marriage market, which in turn would explain the fact that men in Australian marriage market are scarce.

The average age at marriage in Australia is found to be 30 years. The article from which the quote above was extracted further stated that in the 1970's there were 54,000 more men than women with an average age of 30 in Australia. More recent research indicates that in 2004 there were 20,000 fewer men than women with an average age of 30, further highlighting the scarcity of men in the Australian marriage market.

Regardless of the prevailing situation in the marriage market the Australian divorce rates have taken an interesting turn as the following quote illustrates.

*Australia is experiencing a marriage "renaissance" with figures showing divorce rates have had their biggest yearly drop in two decades while marriage rates are starting to rise (The Age, 2008)*

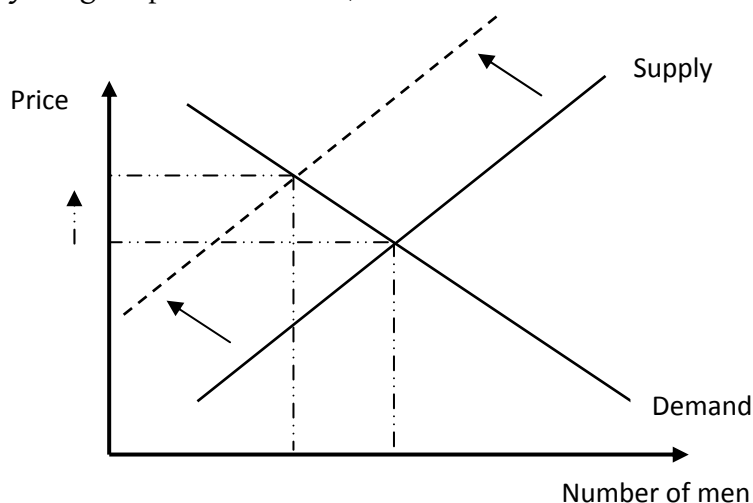
In addition, ABS reports highlighted 2007 as a record-breaking year since it exhibited the highest number of registered marriages in Australia since 1990.

Is it possible that there is a link between the man drought and the changes in the marriage and divorce rates in Australia? And can these observations be restated in terms of simple economics as a scarcity of a resource leading to there being a higher social surplus in the market?

### A Marriage market model

Let us consider the market for finding that special someone. We shall assume that the market is highly competitive and the demand curve represents the willingness to pay, or in other words the price a woman is willing to pay in order to find a husband. The supply curve represents the supply of marriageable men in the market.

The scarcity of men causes a leftward shift in the supply curve, thus increasing the equilibrium 'price'. This can be seen as an increase in the opportunity cost of marriageable men in the market; denoting among other things, the fact that women will need to work much harder, pay a higher price and so on, in order to attract a husband.



In a competitive market for goods and services, when there is excess demand for a product and limited supplies in the market, new suppliers enter the market to take advantage of the potential to earn positive economic profit in the short term. This causes a rightward shift in the supply curve, assisting the market to achieve a lower equilibrium price. Likewise, would it not be interesting if we could do the same for the marriage market in Australia? Unfortunately for women, this theory may not be appropriate in this instance.

Despite the consequences of higher opportunity costs and increase in required efforts put in to finding that special person why do people still get married and commit themselves to one person? Is it all because of love?

There is no doubt that love is the strongest element that motivates marriage. However, from an economist's perspective, there is more to it than just love. There are other major factors which encourages this long-term commitment, the most important of which is known as gains from trade or gains from marriage in this case.

### **Gains from marriage**

A child is the most important and precious entity of a couple's life regardless of whether they are married or not. In a marriage the children become a public good of the parents where the parents share responsibilities (Weiss, 2001).

In comparison to married couples, Weiss (2001) disclose that, couples who are separated or not married are exposed to higher risks where the non-custodian parent faces the risk of losing control and possibly be excluded from the child's life and the benefits of parenthood. However, if the parents are married, the child remains a public good to both parents and therefore the benefits derived are a non-rivalrous and non-excludable to either parents.

Apart from children, in a marriage, the parties involved also share financial risks. As per ABS statistics, the unemployment rate in Australia rose to 5.8% in August 2009; this is an increase of 1.6% in comparison to 4.2% in August 2008 (ABS, 2009). Due to the global

financial crisis and the economic downturn in Australia (notwithstanding the fact that it has thus far been less pronounced in Australia than in other Western countries), there is a greater chance for a person to lose their job and be left without an income. However, if married, when one working partner loses their job (husband or wife) the other spouse will presumably still be able to generate an income for the family. This safety net cannot be achieved while being single or even when dating. There are also explicit government transfers that married couples are entitled to, including, notably, the baby bonus.

Marriages also directly contribute towards reducing the fixed costs related to household maintenance since marriage involves the sharing of resources common to both parties. This helps married couples to gain economies of scale. Such common gains include reduction of fixed expenses such as mortgage, rent, electricity, gas, family outing costs and vacation costs.

Furthermore, when married you are able to benefit by gaining comparative advantage. Comparative advantage can be achieved by dividing household chores based on their area of specialization. This assists couples to share their household duties based on the lowest opportunity cost. For example, a husband may have a comparative advantage over cleaning of the house than his wife, whereas, a wife may have a comparative advantage over her husband in cooking. The theory of comparative advantage would suggest that each individual should take over the task that he or she has the lowest opportunity cost in accomplishing, where the wives does the cooking while the husbands does the cleaning.

Surprisingly, the theory on comparative advantage is found to be proven wrong or impractical by Australian men.

*“Australian men make the worst husbands in the world because they loathe helping out with the housework, a British study claims. An economist from Oxford University found that women wanting to settle down were better off finding a bloke from Scandinavia, the United States or Britain than Australia” (Brisbane Times, 2009).*

As per the above quote, Aussie men are found to be the worst husbands in the world, as they do not contribute towards the household chores. This compels the wives to take on all household work whilst raising the children. What would have caused such an unbearable situation for women in Australia?

When there is a shortage of supply and excess demand in the market, the bargaining power of suppliers increase, especially when the market does not have the ability to redress shortage by additional supply in the short run. The bitter truth about scarcity of men and declining divorce rates indicates that women are continuously paying a higher price. Australian wives seem to be willing to devote themselves more; to remain married and secure the scarce resource which they have obtained. This in turn has given men a higher bargaining power in the relationship thus providing a possible reason as to why the husbands are beginning to contribute less to the household chores.

### **Cost of Marriage**

A marriage does not always overflow with benefits; marriages also have a price tag that comes along with it. The wedding ceremony itself is a major cost incurred by couples. It is reported that Australian couples spend an average of \$31,948 for that one special day (Herald Sun, 2009).

The opportunity cost of a man or woman entering into a marriage is another cost that needs to be considered. From a man's point of view, not being able to date and explore other potential women in the market, especially in an environment of scarcity, would be the opportunity cost of entering to a marriage. Whereas from a women's perspective, the opportunity cost of getting married is being single and not being able to find a suitable partner.

In Australia at present it seems evident that the opportunity cost for a man to marry is much greater than the cost for a woman. Therefore, it can be deduced that the shortage of men has made women more willing to tolerate a lesser ideal for their ideal man.

**Some interesting facts**

It has been reported that the number of women workers in Australia has been rapidly increasing throughout the years which has had a direct influence on the marriage market. More married women are interested in finding part time employment in order to make sure they earn additional income whilst maintaining a work life balance. Recent reports also suggest that more couples are required to put in more effort to have a successful marriage due to their busy lifestyles (Pahl, 2000).

Research also shows a trend where many couples these days make it a point to spend some quality time together in order to further strengthen their relationship. This may include activities such as going to watch a movie, going out partying or engaging in something special such as going out for dinner to a fancy restaurant (Parker, 2002).

In sum, marriages in Australia are taking a different direction where couples are taking more time and effort to make their marriages successful whilst making sure that each other's interests are not compromised, albeit for the time being at least husbands are having somewhat more than their fair share of the day in the sun.

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